



FEMA News Photo

AFTER THE DISASTER...

THE FIRST 24 HOURS



For more information visit
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Inurance companies play an important role in protecting individuals from a total loss when a catastrophe occurs. However, in the chaos following a fire or water damage, insurance policies may be misinterpreted. Despite the turmoil and confusion, it is important to make wise decisions, because you will be living with the results long after the confusion has passed.

Your insurance policy is a contract between you and your insurance company. It entitles you to certain rights and imposes certain obligations. As professional restoration contractors, we believe that it is in your best interest to understand the rights and options available to you at this time.

The Restoration Industry Association (RIA) has compiled a list of 12 questions frequently asked by policyholders.

What action does my insurance policy require after a loss?

In addition to notifying your insurance carrier, most policies require that you take reasonable action to protect your property from further damage. If you fail to do so, your insurance may not cover any additional loss caused by your failure to provide such protection.

2 If I have obtained adequate coverage, what should my insurance pay for?

After a covered loss you are entitled to be paid the fair cost of restoring your home to its pre-damage condition, minus your deductible. However, you should not expect to be paid for the repair of unrelated problems such as deterioration, pre-existing damage or code deficiencies.

3 Must I hire a restoration company recommended by my insurance company?

Your insurance policy does not state that you must retain a restoration company that is referred or approved by the insurance company. You are entitled to employ the services of a reputable, fully licensed and insured repair firm. If you do not employ such a firm, you may be responsible for the consequences and liability for injury, damage or other actions. This is true whether or not your insurance company recommended the firm.

4 Am I required to use the restoration company with the lowest price?

You are not required to accept the lowest bidder. Repair rates should correspond to prevailing standards in your area for work of professional quality, and you may not be forced to use the "cheapest" or "lowest price" bid. You are entitled to employ a firm with sufficient experience and stability in the community to stand behind its work and warranty.

5 Can my insurance company hire a repair firm to work on my house?

Only the owner of the property can authorize a company to perform work on that property. The repair contract is between the owner and the contractor. Your insurer does not have the right to directly contract for your repairs or insist that you employ a particular supplier or restoration firm.

6 What quality of materials and workmanship am I entitled to receive?

Your insurance policy should pay for materials and workmanship that are equal to the kind and quality of your existing ones. After repairs, the property should suffer no loss in value as a result of the damage. However, the insurance company is not obligated to improve your existing installation.

7 How do disclosure rules affect my repairs?

Under current laws you may have to disclose past damage to any future buyers, making it essential that all evidence of damage be completely eliminated. Damage that has been covered up may be discovered later and raise serious problems for the prior owner.

8 What should my contract include?

You are entitled to receive a detailed listing of the repairs, as well as the quantities and types of materials to be used before work begins. The specifications should be a part of your contract. Don't accept thumbnail or "repair as necessary" specifications. The possibility of hidden damage or additional charges should be fully described at the outset.



Allyson O'Keefe/Dreamstime.com

9 Is a special license required for insurance repairs?

States have differing licensing requirements for home repairs. There are also local regulations and home improvement laws to be considered. Federal regulations also may apply to home repairs, such as rescission notices and special requirements for asbestos, lead and blood-borne pathogens. You are entitled to reject any contractor not in compliance with all federal, state and local requirements for residential construction. Ask an industry-qualified restoration contractor for this important information.

10 How can I evaluate a restoration contractor?

First, ask for references to three jobs the contractor is currently working on or has recently completed. Call them. Second, check with your local Better Business Bureau for any unresolved complaints. Third, ask the contractor for credentials and association memberships that indicate professional training and status in insurance repair and restoration, since this differs from ordinary home improvement or maintenance work. And finally, ask the restoration company about any relationship with the insurance company that may impede their ability to provide an independent evaluation of your damage.

11 What if the insurance company and I cannot agree on the amount of the loss?

If disagreement arises between you and the insurance company over the amount of the loss, you are entitled to request arbitration ("appraisal") as described in your policy. The standard homeowners' policy spells out the procedures for appraisal without resorting to a lawsuit. The insurance company may also request appraisal, which can be invoked at any time prior to final settlement, even if you have already received advance payments.

12 How long must I wait for my insurance payment?

You are entitled to receive payment from the insurance company within the time specified by the policy and your state insurance regulations. Usually this is 30 to 60 days after submittal of the signed proof of loss. However, the policy also has time requirements for the policyholder. Check your policy or ask your adjuster or agent about them so that you will know what to expect.

Only you (the policyholder), can insist that your insurance company comply with its obligations under the policy. As professional restoration contractors, we recommend that you do so out of our strong conviction that good workmanship and ethical business practices benefit the insurance industry just as they benefit the public at large.

NOTE: This information is distributed for educational purposes only and is not intended to and should not be construed as providing legal advice.

Checklist of things to do immediately following a fire or flood:

- Get your family some place safe and secure.
- Contact the American Red Cross — www.redcross.org or your local chapter — they can supply temporary housing, clothing, food, medications, etc.
- Do not re-enter the building until declared safe by an emergency management official.
- When able to enter the premises, remove valuables such as jewelry, medication (for replacement purposes only), clothing and important papers (e.g., birth certificates, marriage license, passports, credit cards, social security information, wills, insurance policies, driver's license, stocks & bonds, income tax records, mortgage papers & deeds). Do not remove food or cosmetics.
- Secure the building to prevent further damage from weather or vandalism — e.g., screw plywood over windows, place tarps over open roof areas.
- Shut off main water, gas and electricity supplies.
- Contact your insurance company.
- Select a service provider. Be sure to check references.
- Get a notebook to record dates and times of conversations and individuals you speak with concerning your claim.
- Save all receipts for meals, hotels, toiletries, replacement clothing, etc.